

**EIGHTY-SEVENTH GENERAL ASSEMBLY  
2018 REGULAR SESSION  
DAILY  
HOUSE CLIP SHEET**

**April 11, 2018**

**Clip Sheet Summary**

Displays all amendments, fiscal notes, and conference committee reports for previous day.

<b>Bill</b>	<b>Amendment</b>	<b>Action</b>	<b>Sponsor</b>
<a href="#"><u>HF 2442</u></a> .....	<a href="#"><u>H-8375</u></a> .....	Filed	JONES of Clay
<a href="#"><u>HF 2481</u></a> .....	<a href="#"><u>H-8373</u></a> .....	Filed	DOLECHECK of Ringgold
<a href="#"><u>HF 2481</u></a> .....	<a href="#"><u>H-8374</u></a> .....	Filed	KOESTER of Polk
<a href="#"><u>SJR 2006</u></a> .....	<a href="#"><u>H-8376</u></a> .....	Filed	BALTIMORE of Boone
<a href="#"><u>SF 2316</u></a> .....	<a href="#"><u>H-8372</u></a> .....	Filed	PETTENGILL of Benton

**Fiscal Notes**

[HF 633](#) — [School Shared Operational Functions](#) (LSB1572HZ.2)

[HF 2483](#) — [Human Services Department Programs and Services](#) (LSB6226HV)

HOUSE FILE 2442

H-8375

- 1 Amend the amendment, H-8363, to House File 2442, as amended,  
2 passed, and reprinted by the House, as follows:
- 3 1. Page 1, after line 24 by inserting:  
4 <\_\_\_\_. Page 3, line 30, after <participation> by inserting  
5 <or participate in any dance or cheerleading activity or  
6 activity, contest, or practice governed by the Iowa high school  
7 athletic association or the Iowa girls high school athletic  
8 union>  
9 \_\_\_\_\_. Page 3, line 34, after <to> by inserting <or commence>>
- 10 2. Page 1, line 35, by striking <an> and inserting <any>
- 11 3. Page 2, line 35, by striking <scheduled> and inserting  
12 <in accordance with a prearranged agreement with the school  
13 district or accredited nonpublic school>
- 14 4. Page 3, line 2, before <unforeseen> by inserting  
15 <documentable,>
- 16 5. By renumbering as necessary.

By JONES of Clay

H-8375 FILED APRIL 10, 2018

HOUSE FILE 2481

H-8373

1 Amend House File 2481 as follows:

2 1. Page 1, before line 1 by inserting:

3 <Section 1. Section 257.2, subsection 8, Code 2018, is  
4 amended by adding the following new paragraph:

5 NEW PARAGRAPH. e. Foundation base supplement payments  
6 received under section 257.16C.

7 Sec. \_\_\_\_\_. Section 257.4, subsection 1, paragraph a, Code  
8 2018, is amended by adding the following new subparagraph:

9 NEW SUBPARAGRAPH. (10) The amount of the foundation base  
10 supplement payment to be received by the school district under  
11 section 257.16C.

12 Sec. \_\_\_\_\_. Section 257.4, subsection 1, paragraph b, Code  
13 2018, is amended to read as follows:

14 b. For the budget year beginning July 1, 2008, and  
15 succeeding budget years, the department of management shall  
16 annually determine an adjusted additional property tax levy  
17 and a statewide maximum adjusted additional property tax  
18 levy rate, not to exceed the statewide average additional  
19 property tax levy rate, calculated by dividing the total  
20 adjusted additional property tax levy dollars statewide by the  
21 statewide total net taxable valuation. For purposes of this  
22 paragraph, the adjusted additional property tax levy shall be  
23 that portion of the additional property tax levy corresponding  
24 to the state cost per pupil multiplied by a school district's  
25 weighted enrollment, and then multiplied by one hundred  
26 percent less the regular program foundation base per pupil  
27 percentage pursuant to section 257.1, and then reduced by the  
28 amount of the property tax replacement payment to be received  
29 under section 257.16B and the amount of the foundation base  
30 supplement payment to be received under section 257.16C. The  
31 district shall receive adjusted additional property tax levy  
32 aid in an amount equal to the difference between the adjusted  
33 additional property tax levy rate and the statewide maximum  
34 adjusted additional property tax levy rate, as applied per  
35 thousand dollars of assessed valuation on all taxable property

1 in the district. The statewide maximum adjusted additional  
2 property tax levy rate shall be annually determined by the  
3 department taking into account amounts allocated pursuant to  
4 section 257.15, subsection 4, and the balance of the property  
5 tax equity and relief fund created in section 257.16A at the  
6 end of the calendar year.>

7 2. Page 1, by striking lines 14 through 33 and inserting:  
8 <Sec. \_\_\_\_\_. NEW SECTION. 257.16C Foundation base supplement  
9 fund.

10 1. A foundation base supplement fund is created as a  
11 separate and distinct fund in the state treasury under the  
12 control of the department of management. Moneys in the fund  
13 include revenues credited to the fund, appropriations made to  
14 the fund, and other moneys deposited into the fund.

15 2. a. There is appropriated annually from the fund to  
16 the department of management an amount necessary to make all  
17 foundation base supplement payments under this section. The  
18 department of management shall calculate each school district's  
19 foundation base supplement payment based on the distribution  
20 methodology under paragraph "b".

21 b. The moneys available in a fiscal year in the foundation  
22 base supplement fund shall be distributed by the department  
23 of revenue to each school district on a per pupil basis  
24 calculated using each school district's weighted enrollment,  
25 as defined in section 257.6, for that fiscal year. However,  
26 the amount of a school district's foundation base supplement  
27 payment for a budget year shall not exceed an amount equal to  
28 the school district's weighted enrollment for the budget year  
29 multiplied by the amount for the budget year calculated under  
30 section 257.16B, subsection 2, paragraph "f", subparagraph  
31 (2), as enacted in 2018 Iowa Acts, House File 2230, §4, minus  
32 the amount of the school district's property tax replacement  
33 payment under section 257.16B for the budget year.

34 3. Notwithstanding section 8.33, any moneys remaining in  
35 the foundation base supplement fund at the end of a fiscal year

H-8373 (Continued)

1 shall not revert to any other fund but shall remain in the  
2 foundation base supplement fund for use as provided in this  
3 section for the following fiscal year.>

4 3. Page 2, line 3, after <department> by inserting <of  
5 education>

6 4. Page 2, line 5, after <department> by inserting <of  
7 education>

8 5. Page 2, line 9, after <department> by inserting <of  
9 education>

10 6. Page 2, line 18, after <department> by inserting <of  
11 education>

12 7. Page 2, line 26, after <department> by inserting <of  
13 education>

14 8. Page 4, line 2, by striking <percentage> and inserting  
15 <supplement>

16 9. Page 5, line 20, by striking <percentage> and inserting  
17 <supplement>

18 10. Title page, by striking lines 6 and 7 and inserting <to  
19 the calculation of the additional property tax levy, and making  
20 appropriations.>

21 11. By renumbering as necessary.

By DOLECHECK of Ringgold

[H-8373](#) FILED APRIL 10, 2018

HOUSE FILE 2481

H-8374

- 1 Amend House File 2481 as follows:
- 2 1. Page 7, after line 13 by inserting:
- 3 <Sec. \_\_\_\_\_. Section 423F.3, subsection 6, Code 2018, is
- 4 amended by adding the following new paragraph:
- 5 NEW PARAGRAPH. *Od.* Additionally, "*school infrastructure*"
- 6 includes school safety and security infrastructure. For
- 7 purposes of this paragraph, "*school safety and security*
- 8 *infrastructure*" includes but is not limited to safe rooms,
- 9 remote entry technology and equipment, security camera systems,
- 10 card access systems, and communication systems with access to
- 11 fire and police emergency frequencies. For purposes of this
- 12 paragraph, "*school safety and security infrastructure*" does
- 13 not include the cost of personnel, development of safety and
- 14 security plans, or training related to the implementation of
- 15 safety and security plans.>
- 16 2. By renumbering as necessary.

By KOESTER of Polk

H-8374 FILED APRIL 10, 2018

SENATE JOINT RESOLUTION 2006

H-8376

1 Amend Senate Joint Resolution 2006, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking everything after the resolving clause and  
4 inserting:

5 <Section 1. The following amendment to the Constitution of  
6 the State of Iowa is proposed:

7 Section 4 of Article IV of the Constitution of the State of  
8 Iowa, as amended by amendment number 1 of the Amendments of  
9 1952 and by amendment number 1 of the Amendments of 1988, is  
10 repealed and the following adopted in lieu thereof:

11 **Election by general assembly in case of tie — inability of**  
12 **governor-elect to qualify — succession by lieutenant governor —**  
13 **inauguration of governor and lieutenant governor upon removal of**  
14 **inability of governor-elect to qualify. SEC. 4.** The nominees  
15 for governor and lieutenant governor jointly having the highest  
16 number of votes cast for them shall be declared duly elected.  
17 If two or more sets of nominees for governor and lieutenant  
18 governor have an equal and the highest number of votes for  
19 the offices jointly, the general assembly shall by joint vote  
20 proceed, as soon as is possible, to elect one set of nominees  
21 for governor and lieutenant governor.

22 If after the final canvass of votes but before inauguration  
23 the governor-elect has since died, does not qualify, or  
24 is permanently unable to become governor, the lieutenant  
25 governor-elect shall become the governor upon inauguration, to  
26 the exclusion of any other office, for the residue of the term.

27 In the event of a temporary inability of the governor-elect  
28 to assume office, the lieutenant governor-elect shall become  
29 governor upon inauguration, until the inability is removed, at  
30 which time, the governor-elect and lieutenant governor-elect  
31 shall become governor and lieutenant governor, respectively,  
32 upon inauguration.

33 Section 10 of Article IV of the Constitution of the State of  
34 Iowa is amended to read as follows:

35 **Vacancies — lieutenant governor vacancy.** SEC. 10. When

1 any office, excluding the office of lieutenant governor,  
2 shall, from any cause, become vacant, and no mode is provided  
3 by the constitution and laws for filling such vacancy, the  
4 governor shall have power to fill such vacancy, by granting a  
5 commission, which shall expire at the end of the next session  
6 of the general assembly, or at the next election by the people.

7 When the office of lieutenant governor shall, from any  
8 cause, become vacant, and no mode is otherwise provided by the  
9 constitution for filling such vacancy, the governor shall have  
10 power to fill such vacancy for the residue of the term, by  
11 granting a commission, which shall expire as provided in the  
12 constitution.

13 Section 17 of Article IV of the Constitution of the State of  
14 Iowa is repealed and the following adopted in lieu thereof:

15 **Lieutenant governor to become governor — filling of**  
16 **lieutenant governor vacancy. SEC. 17.** In case of death,  
17 impeachment, resignation, removal from office, or other  
18 inability to serve of the governor, the lieutenant governor  
19 shall succeed and become the governor, to the exclusion of any  
20 other office. If the preceding governor thereafter becomes  
21 able to serve, the preceding governor shall become governor and  
22 the succeeding governor shall resume the office of lieutenant  
23 governor, to the exclusion of any other office, each for the  
24 residue of the term, respectively. If the succeeding governor  
25 has filled a vacancy in the office of lieutenant governor  
26 by granting a commission, that commission shall expire upon  
27 the resumption of the office of lieutenant governor by the  
28 preceding lieutenant governor.

29 Section 19 of Article IV of the Constitution of the State  
30 of Iowa, as amended by amendment number 2 of the Amendments of  
31 1952 and by amendment number 2 of the Amendments of 1988, is  
32 repealed and the following adopted in lieu thereof:

33 **Succession to office of governor and lieutenant governor —**  
34 **simultaneous inability to serve — qualification of successor**  
35 **governor to office. SEC. 19.** If the governor and lieutenant



1 governor are simultaneously unable to serve, the president of  
2 the senate shall become governor, followed by the speaker of  
3 the house of representatives if the president of the senate  
4 is unable or unwilling to serve, followed by the president  
5 pro tempore of the senate if the speaker of the house of  
6 representatives is unable or unwilling to serve, followed  
7 by the speaker pro tempore of the house of representatives  
8 if the president pro tempore of the senate is unable or  
9 unwilling to serve, each succeeding, to the exclusion of any  
10 other office. If none of the above are able or willing to  
11 serve as governor and the general assembly is not in session,  
12 the justices of the supreme court shall convene the general  
13 assembly by proclamation and the general assembly shall  
14 organize by the election of a president of the senate and a  
15 speaker of the house of representatives. The president-elect  
16 of the senate shall then become governor. If at that time the  
17 president-elect of the senate is unable or unwilling to serve,  
18 the speaker-elect of the house of representatives shall become  
19 governor.

20 If the governor so succeeded becomes able to serve, the  
21 governor so succeeded shall resume the office of governor. If  
22 the lieutenant governor so succeeded becomes able to serve  
23 while the governor so succeeded remains unable to serve, the  
24 lieutenant governor so succeeded shall assume the office of  
25 governor.

26 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed  
27 amendment to the Constitution of the State of Iowa is referred  
28 to the general assembly to be chosen at the next general  
29 election for members of the general assembly, and the secretary  
30 of state is directed to cause the proposed amendment to be  
31 published for three consecutive months previous to the date of  
32 that election as provided by law.>

By BALTIMORE of Boone

H-8376 (Continued)

H-8376 FILED APRIL 10, 2018

SENATE FILE 2316

H-8372

1 Amend Senate File 2316, as passed by the Senate, as follows:

2 1. Page 14, after line 1 by inserting:

3 <Sec. \_\_\_\_\_. Section 508.25, Code 2018, is amended to read as  
4 follows:

5 **508.25 Policy forms — ~~approval~~ and notification of lapse of**  
6 **policy.**

7 1. It shall be unlawful for any insurance company  
8 transacting business within this state, under the provisions of  
9 this chapter, to write do any of the following:

10 a. Write or use any form of policy or contract of insurance,  
11 on the life of any individual in this state, until a copy  
12 of such form of policy or contract has been filed with and  
13 approved by the commissioner of insurance.

14 b. Fail to provide at least thirty calendar days' advance  
15 written notice to a policyholder's last known address prior  
16 to termination or lapse of the policyholder's universal life  
17 policy or contract. The notice shall be in a conspicuously  
18 labeled envelope that indicates it contains important,  
19 time-sensitive information.

20 c. Fail to provide the notice required pursuant to  
21 subsection 2. The notice shall be provided by the insurer to a  
22 policyholder with the notice provided pursuant to paragraph "b"  
23 or as required by rules adopted by the commissioner.

24 2. The commissioner shall develop a written notice that  
25 shall be provided by an insurer to a policyholder to advise  
26 the policyholder of potential alternatives to the lapse or  
27 surrender of the policyholder's universal life policy or  
28 contract. The notice shall comply with all of the following:

29 a. It shall be written in plain language.

30 b. It shall be developed at no cost to insurers or other  
31 entities licensed by the commissioner to conduct the business  
32 of life insurance.

33 c. It shall advise a policyholder of the policyholder's  
34 rights regarding disposition of the policyholder's policy.

35 d. It shall advise the policyholder that life insurance, a

1 life settlement, or other alternative may be available to the  
2 policyholder dependent upon the terms of the policyholder's  
3 universal life policy or contract and other factors including  
4 the age and health status of the insured person.

5 e. It shall advise the policyholder to contact the  
6 policyholder's financial advisor, insurance agent, insurance  
7 broker, or attorney to obtain advice or assistance.

8 3. The commissioner shall adopt rules pursuant to chapter  
9 17A to specifically administer the written notice requirements  
10 of this section.>

11 2. Title page, by striking lines 1 and 2 and inserting <An  
12 Act relating to transactions and notifications by domestic  
13 stock insurers and life insurance companies.>

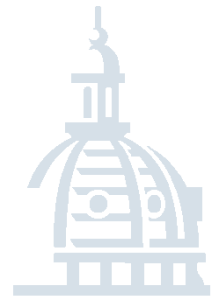
14 3. By renumbering as necessary.

By PETTENGILL of Benton

[H-8372](#) FILED APRIL 10, 2018

# Fiscal Note

*Fiscal Services Division*



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[HF 633](#) – School Shared Operational Functions (LSB1572HZ.2)  
Analyst: Josie Gerrietts (515.238.2833) ([josie.gerrietts@legis.iowa.gov](mailto:josie.gerrietts@legis.iowa.gov))  
Fiscal Note Version – As amended by [S-5232](#)

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## **Description**

[House File 633](#), as amended by Senate Committee Amendment [S-5232](#), lifts the three-year maximum on operational sharing for school districts and extends the additional weighting program until FY 2024.

## **Background**

The operational sharing provision in the school aid formula was originally enacted in FY 2007 and implemented beginning in FY 2008. It was continued and expanded during the 2013 and 2014 Legislative Sessions and currently includes the following positions:

- Superintendent management functions, at a weighting factor of 8.0 pupils per position.
- Business management, human resources, transportation, and operation and maintenance functions, at a weighting factor of 5.0 pupils per function.
- Curriculum director and guidance counselor functions, at a weighting factor of 3.0 pupils per function.

School districts may accrue up to 21.0 additional weights in total through this provision. Because school districts have now completed their Operational Sharing plans for FY 2019, a complete count of the number of districts that will not be eligible in FY 2020 is available. Previously, this number had been estimated.

## **Assumptions**

- State Cost Per Pupil has been set for FY 2019 at \$6,736 per student. The Property Tax Replacement Payment is set at \$92 per student and will remain at this level in FY 2020 unless action is taken by the Legislature. Changes in these totals will affect the total cost of the operational sharing provision.
- Under current law, in FY 2020, 133 of the 232 districts that are currently sharing will be ineligible to participate in operational sharing because they will have reached the maximum number of years allowed by the program.
- If the operational sharing sunset is repealed, operational sharing across districts will increase by 4.0% in FY 2020.
- School districts that are currently sharing operational functions will continue to do so in future fiscal years.

## **Fiscal Impact**

**Table 1** shows both the current impact of operational sharing for FY 2019 and the estimated changes for FY 2020. The FY 2019 operational sharing has already been submitted by school districts and verified by the Department of Education. **Table 2** shows the changes from estimated current law and estimated FY 2019 under the provisions of [HF 633](#) as amended.

**Table 1: Current Law Estimates**

<i>Current Law</i>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Estimated FY 2020</b>
<b>Operational Weighting</b>	1,650	2,269	2,794	3,232	3,472	1,412
<b>Percent Change</b>		37.5%	23.1%	15.7%	7.4%	-59.3%
<b>State Cost Per Student</b>			\$ 6,591	\$ 6,664	\$ 6,736	\$ 6,736
<b>State Aid Cost</b>			\$ 16,319,754	\$ 19,114,048	\$ 20,783,392	\$ 8,452,232
<b>Property Tax</b>			\$ 2,095,500	\$ 2,424,000	\$ 2,604,000	\$ 1,059,000

**Table 2: HF 633 As Amended Estimates**

<i>Extension of Operational Sharing</i>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Estimated FY 2020</b>
<b>Operational Weighting</b>	1,650	2,269	2,794	3,232	3,472	3,611
<b>Percent Change</b>		37.5%	23.1%	15.7%	7.4%	4.0%
<b>State Cost Per Student</b>			\$ 6,591	\$ 6,664	\$ 6,736	\$ 6,736
<b>State Aid Cost</b>			\$ 16,319,754	\$ 19,114,048	\$ 20,783,392	\$ 21,614,728
<i>Change from FY 2019</i>						831,336
<i>Change from Current Law</i>						13,162,496
<b>Property Tax</b>			\$ 2,095,500	\$ 2,424,000	\$ 2,604,000	\$ 2,708,160
<i>Change from FY 2019</i>						104,160
<i>Change from Current Law</i>						1,649,160

**Sources**

Department of Education  
Department of Management  
LSA analysis and calculations

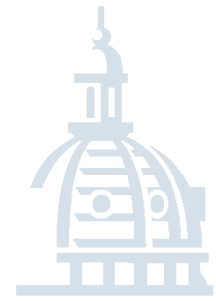
/s/ Holly M. Lyons

April 10, 2018

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

# Fiscal Note

*Fiscal Services Division*



**HF 2483** – Human Services Department Programs and Services (LSB6226HV)  
Analyst: Jess Benson (515.689.0598) [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)  
Fiscal Note Version – New

## **Description**

**House File 2483** makes various changes to the administration and oversight of the Healthy and Well Kids in Iowa (*hawk-i*) and Medicaid programs. The changes and the fiscal impacts are listed below by Division.

### **Divisions I and II**

## **Description**

Division I transfers responsibility for the managed care capitation process and member premium collection from the administrative contractor to the Department of Human Services (DHS), to be administered through the Iowa Medicaid Enterprise (IME).

Division II requires the DHS to suspend the eligibility of individuals following the first 30 days of the individuals' commitment to an institution. The Bill also requires public institutions to provide a monthly report of the inmates who are committed and of those who are discharged to the DHS and to the Social Security Administration.

## **Assumptions**

- The changes in Divisions I and II are estimated to require 6,813 staff contract hours at \$105 per hour to update various systems. Details of the number of contract hours necessary to update each system are listed below in **Table 1**.
- The federal match rate for the data warehouse, medical systems, and Eligibility Integrated Application Solution (ELIAS) system is 93.94% federal and 6.06% State.
- The federal match rate for the income maintenance system is 85.79% federal and 14.21% State.
- The DHS does not believe the Department will be able to implement Division I in FY 2019; therefore, the fiscal impact will begin with FY 2020.

## **Fiscal Impact**

Division I and II of the Bill are estimated to increase General Fund expenditures by \$6,000 in FY 2019 and approximately \$49,000 in FY 2020.

**Table 1 — Divisions I and II Estimated Fiscal Impact**

<b>Systems Changes – Division I</b>	<b>Contract Hours</b>	<b>Hourly Rate</b>	<b>Total Cost</b>	<b>State Cost</b>
Data Warehouse	500	\$ 105	\$ 52,500	\$ 3,182
Medical Systems	1,600	105	168,000	10,181
Income Maintenance	1,000	105	105,000	14,921
ELIAS	3,333	105	350,000	21,210
<b>Total</b>			<b>\$ 675,500</b>	<b>\$ 49,494</b>
<b>Systems Changes – Division II</b>	<b>Contract Hours</b>	<b>Hourly Rate</b>	<b>Total Cost</b>	<b>State Cost</b>
Income Maintenance	380	\$ 105	\$ 39,900	\$ 5,670

Note: Totals may not sum due to rounding.

### **Division III**

#### **Description**

##### **Provider Processes and Procedures**

- Specifies that when all of the required documents and other information necessary to process a claim have been received by a managed care organization (MCO), the MCO is required to provide payment to the claimant within the timeline specified if the claim is approved. If the MCO is denying the claim in whole or in part, the MCO is required to provide notice to the claimant, including the reasons for the denial, in a manner consistent with national industry best practice guidelines.
- Requires an MCO to correct any errors it finds due to system configuration and fully reprocess the claims affected by the error within 30 days of the discovery.
- Requires the DHS to develop and use standardized Medicaid provider enrollment forms.
- Requires the DHS to develop and implement uniform Medicaid provider credentialing standards to be used by the MCOs. The credentialing process is deemed to begin when the MCO has received all necessary credentialing materials from the provider and is deemed to have ended when written communication is mailed or faxed to the provider notifying the provider of the MCO's decision.

##### **Members Services and Processes**

- Specifies that if a Medicaid member prevails on appeal regarding the provision of services, the services subject to the review or appeal are required to be extended for a period of time determined by the Director of the DHS. However, services are not required to be extended if there is a change in the member's condition that warrants a change in services as determined by the member's interdisciplinary team, there is a change in the member's eligibility status as determined by the DHS, or the member voluntarily withdraws from services.
- Specifies that if a Medicaid member is receiving court-ordered services or treatment for a substance-related disorder pursuant to Iowa Code chapter [125](#) or for a mental illness pursuant to Iowa Code chapter [229](#), the services or treatment are required to be provided and reimbursed for an initial period of three days before an MCO may apply medical necessity criteria to determine the most appropriate services, treatment, or placement for the Medicaid member.
- Specifies the DHS is to review and have approval authority for a Medicaid long-term services and supports (LTSS) member's level of care reassessment that indicates a decrease in the level of care. Managed care organizations are required to comply with the findings of the DHS review. If a level of care reassessment indicates there is no change in a Medicaid member's level of care needs, the Medicaid member's existing level of care will be continued.
- Requires the DHS to maintain and update Medicaid member eligibility files in a timely manner consistent with national industry best practices.

##### **Medicaid Program Review and Oversight**

- Requires the DHS to facilitate a workgroup, in collaboration with representatives of the MCOs and health home providers, to review the health home programs. The Bill requires the DHS to submit a report of the workgroup's findings and recommendations by December 15, 2018, to the Governor and the General Assembly.
- Requires the DHS, in collaboration with Medicaid providers and MCOs, to initiate a review process to determine the effectiveness of prior authorizations used by the MCOs, with the goal of making adjustments based on relevant service costs and member outcomes data.
- Requires the DHS to enter into a contract with an independent auditor to perform an audit of a random sample of small dollar claims paid to or denied Medicaid long-term services and supports providers during the first quarter of calendar year 2018. The Bill specifies that the



DHS may take any action specified in the MCO contract relative to any claim the auditor determines to be incorrectly paid or denied, subject to appeal by the MCO to the Director of the DHS.

### **Assumptions**

#### **Provider Processes and Procedures**

- The provisions in subsection 1(a), 1(b), and 1(c) are either current practice or are not estimated to have any additional impact to the State.

#### **Members Services and Processes**

- For subsection 2(a), it is estimated there will be 4,000 reviews that the Director of the DHS will be required to evaluate to determine the period of time in which a service may be received if a Medicaid member prevails in a review or appeal, and it is estimated that each review will cost \$40 in staff time.
- For subsection 2(b), it is estimated that 20.0% of cases (600 cases) will result in court-ordered services that are not medically necessary. It is assumed that the court order will be lifted, or the Medicaid Program will not be responsible for payment on day three when services are not medically necessary. The total estimated cost per case is \$4,020.
- For subsection 2(c), giving the DHS the authority to review and have approval authority for a Medicaid member's level of care reassessment that indicates a decrease in the level of care is not expected to have an impact on current MCO capitation rates because current Program experience is built into the capitation rates. On average, the DHS is currently overruling half of the LTSS level of care determinations the Department reviews. Given this, the provision may impact possible savings to future MCO capitation rates due to a lower level of care being provided to LTSS and Home and Community-Based Services (HCBS) waiver populations.
- The Federal Medical Assistance Percentage (FMAP) rate for FY 2019 and FY 2020 is 59.57% federal and 40.43% State.

#### **Medicaid Program Review and Oversight**

- Subsection 3(a), requiring the DHS to facilitate a workgroup to review the health home programs, will have no fiscal impact because current MCO capitation rates include the cost of health homes.
- Subsection 3(b), requiring the DHS to initiate a review process to determine the effectiveness of prior authorizations used by the MCOs, may have a fiscal impact, but any potential impact will depend on the results of the review.
- For subsection 3(c), there are approximately 7,000,000 approved claims and 4,000,000 denied claims paid annually. The subsection requires an audit of a random sample of claims during the first quarter of calendar year 2018.
- The administrative match rate is 50.00% federal and 50.00% State.

### **Fiscal Impact**

Division III of the Bill is estimated to increase General Fund expenditures by \$1.6 million in FY 2019 and \$1.1 million in FY 2020. In addition, the provision giving the DHS the authority to review and have approval authority for a Medicaid member's level of care reassessment may impact future Medicaid Program savings. The provisions with a fiscal impact are listed in **Table 2** below.

**Table 2 — Division III Estimated Fiscal Impact**

<b>Activities – Division III</b>	<b>Total Cost</b>	<b>State Cost</b>
Director Review – Length of Services	\$ 160,000	\$ 65,488
Non-Medically Necessary Court-Ordered Services	2,412,000	987,232
Small Dollar Claims Audit	1,000,000	500,000
<b>Total Activities – Division III</b>	<b>\$ 3,572,000</b>	<b>\$ 1,552,720</b>

**Divisions IV, V, and VI**

**Description**

Division IV eliminates the various copayments for a covered prescription drug under the Medicaid Program and instead provides that a recipient of Medicaid is required to pay a copayment of \$1 on each prescription filled or refilled for a covered prescription drug.

Division V directs the Executive Committee of the Medical Assistance Advisory Council (MAAC) to review data collected and analyzed in periodic reports to the General Assembly to determine which data points should be included and analyzed to more accurately identify trends and issues with, and promote the effective and efficient administration of, Medicaid managed care for all stakeholders. The Executive Committee is required to report its findings and recommendations to the MAAC for review and comment by October 1, 2018, and to submit a final report to the Governor and the General Assembly by December 31, 2018.

Division VI amends the reimbursement provision for targeted case management (TCM) services under the Medicaid Program, which is currently established as cost-based reimbursement for 100.0% of the reasonable costs for provision of the services. Under the Bill, effective July 1, 2018, TCM services will instead be reimbursed based on a statewide fee schedule amount developed by rule of the DHS in accordance with Iowa Code chapter [17A](#). The Division also amends the reimbursement provisions for psychiatric medical institutions for children (PMICs) to provide that inpatient psychiatric services for individuals under 21 years of age that are provided by non-State-owned providers are required to be reimbursed according to a fee schedule without reconciliation, and services provided by State-owned providers are required to be reimbursed at 100.0% of the actual and allowable cost of providing the service.

**Assumptions**

- The changes to the Medicaid copayments in Division IV have been in place since December 2015 due to federal requirements. The conforming State changes will have no fiscal impact to the State.
- The rate changes for TCM services and PMICs will be developed so that they are budget neutral and will have no fiscal impact to the State.

**Fiscal Impact**

Divisions IV through VI of the Bill have no fiscal impact.

**Summary of Fiscal Impacts**

[House File 2483](#) is estimated to increase General Fund expenditures by \$1.6 million in FY 2019 and \$1.1 million in FY 2020. **Table 3** below lists the estimated fiscal impact by Division.

**Table 3 — Summary of Estimated General Fund Fiscal Impacts FY 2019 and FY 2020**

<b>Fiscal Impact by Division</b>	<b>FY 2019</b>	<b>FY 2020</b>
Division I	\$ 0	\$ 49,494
Division II	5,670	0
Division III	1,552,720	1,052,720
Division IV	0	0
Division V	0	0
Division VI	0	0
<b>Total</b>	<b>\$ 1,558,390</b>	<b>\$ 1,102,214</b>

**Sources**

Department of Human Services  
LSA analysis

/s/ Holly M. Lyons

April 10, 2018

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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